GOVERNMENT OF INDIA
AGRICULTURE AND FARMERS WELFARE
LOK SABHA

UNSTARRED QUESTION NO:388
ANSWERED ON:18.07.2017
Procurement of Agricultural Produce at MSP
Rajesh Shri M. B.

Will the Minister of AGRICULTURE AND FARMERS WELFARE be pleased to state:

(a) the details of the procurement of agricultural produce by Food Corporation of India (FCI) and National Agricultural Cooperative Marketing Federation of India (NAFED) at Minimum Support Price (MSP) during the last three years;

(b) the number of agricultural products covered under the Minimum Support Price (MSP);

(c) whether the Government proposes to ensure MSP at 50% more than the comprehensive production costs established by CACP, if so, the details thereof;

(d) whether the Government proposes to pass the legislation to protect the farmers right to sell their produce at MSP and also to ensure an annual automatic review of MSP; and

(e) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FARMERS WELFARE

???? ??? ????? ?????? ???????? ??? ????? ?????? (SHRI PARSHOTTAM RUPALA)

(a): The details of the procurement of agricultural produce by Food Corporation of India (FCI) and National Agricultural Cooperative Marketing Federation of India (NAFED) at Minimum Support Price (MSP) during the last three years are placed at Annexure-I and Annexure-II respectively.

(b): There are 25 agricultural products which are covered under the Minimum Support Price (MSP).

(c): The National Commission on Farmers under the Chairmanship of Prof. M.S. Swaminathan had recommended that the MSP should be at least 50% more than the weighted average costs of production. MSP is recommended by the CACP based on various factors including cost of cultivation. The CACP also includes a certain profit margin on the A2+FL (family labour) cost. A2 cost includes all paid out costs. Government considers the MSP recommended by CACP and notifies the same.

Contdâ€¦2/-

As regards recommendation of National Commission on Farmers (NCF) to fix 50% as profit margin on C2 cost, the Department has shared certain issues with M.S. Swaminathan Research Foundation (MSSRF), and sought for comments.

(d) & (e): MSP is notified by the Government on various Kharif and Rabi crops. Government's aim is to help farmers realise prices higher than MSP in the market. For this purpose, Government has been focussing on creating an efficient marketing system. Towards this, the Government has shared a Model Agricultural Produce and Livestock Marketing (Promotion & Facilitation) Act, 2017 with the States & UTs. This will encourage more number of markets and enhance competition. The Government is also aiming at creating a unified National Agriculture Market (eNAM) by promoting market integration through online trade.

However, there can still be situations where prices in the market rule below MSP. This is addressed through the instrument of Price Support Scheme (PSS) and Market Intervention Scheme (MIS). Under these schemes, procurement is undertaken based on the requests of the State Governments. While PSS covers non-perishable commodities like pulses & oilseeds, MIS covers perishables.